

PACIFIC TRANSIT
Pacific County, Washington
January 1, 1994 Through December 31, 1995

Schedule Of Findings

1. The Transit Should Improve Its General Ledger Accounting

During our audit of the 1994 and 1995 financial statements of Pacific Transit, we encountered numerous problems related to basic general ledger accounting. Adjusting and closing entries were not supported or explained. The general ledger was not balanced to ensure that all entries had been properly posted. Year-end closings were not completed in a timely manner. Further, the financial statements were not prepared in accordance with guidelines set forth by the State Auditor's Office in the *Budgeting, Accounting and Reporting System* (BARS) manual. These conditions were previously reported in the 1990 and 1991 audit of the transit.

The above situation could result in erroneous data being entered into the general ledger system, reported on the financial statements, and not detected by the accountant. Additionally, audit costs increase when basic accounting records are not organized, balanced, and supported and when financial statements are not correctly prepared.

Postings to the general ledger should be specifically referenced to the applicable journal entry. Periodically, the general ledger should be balanced to ensure that all entries have been properly posted. Year-end closing should be completed in a timely manner. Further, financial statements should be prepared as outlined in the BARS manual.

We recommend that the transit prepare proper journal vouchers for all adjusting and closing entries. All journal entries should be properly documented, supported, and approved. We further recommend that financial statements be prepared in accordance with the BARS manual.